

**You have been involved in ECR since its early days. What is your balanced assessment of what it has achieved and not achieved? Where are the biggest areas of progress? Where are the areas where there is still most to do?**

The major accomplishment has been the clarity of vision that ECR has offered the industry. The consumer has been put firmly in the center and there is consensus that retailers and manufacturers offer consumers better value when they all work together than when they go it alone.

Manufacturers who have adopted ECR principles have driven category growth. Retailers who have adopted ECR principles also score higher with their shoppers on key criteria for success such as store trust and loyalty.

However, there is still huge potential. The ECR Session on Joint Value Creation in Paris this past April demonstrated that

the current economic business model is still too focused on margin and price only. By leading broader change, change truly focused on innovation and Joint Value Creation, we can tap into still enormous potential for all.

The good news is that 70% of Manufacturers and Retailers feel that we still have ample opportunity of better working together to delight shoppers. We must seize this and ECR will be the catalyst for collaborative innovation that improves the shopper experience and delivers the business growth.

**In what ways have manufacturers, retailers and consumers' priorities changed over this ten year period? Are these priorities converging or diverging?** If you had asked manufacturers and retailers 10 years ago if the consumer was boss - probably several of us would have readily agreed. Today, I think everyone

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## Learning from long experience

PERSPECTIVE

Paul Polman  
Geneva, Switzerland

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Nowadays, everyone is in favour of closer collaboration and customer focus.

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But still, it is easy to

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underestimate

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their potential benefits.

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would say yes ... and more importantly we now have real tangible and measurable projects to proof the benefit of this focus.

What is different is the speed and change in consumer expectations. In this environment of growing consumer expectations, the importance of keeping the consumer/shopper at the centre of all that we do is vital to everyone's success in the marketplace.

**Over this time what challenges/difficulties have you found it hardest to confront, and why?**

One of the core challenges of ECR is to ensure that we foster collaboration when in so many areas we are competitors. We have been most successful when we have built relationships based on mutual trust and understanding of the areas where we can collaborate to meet shopper expectations.

Logistical efficiencies are a good example of where we have moved from working in isolation to working together to pilot new ways to bring products faster and more efficiently to the shelf.

**As the ECR movement evolved, were there any developments or reactions that really surprised you? If so, what were they?**

What surprised me about ECR is the size of the benefit and competitive advantage

that can be generated by truly putting diverse viewpoints and knowledge together... including that of the shopper and consumer. Some important examples in the ECR adopters report noted:

- Out of stocks reduced by half
- Significant qualified savings on shrinkage
- Real productivity improvement via Global Data Synchronization.

Importantly, collaboration has grown, case studies on in-store innovation are getting stronger and we increasingly recognize the benefits that joint business planning can bring.

**As a movement, ECR is pretty unique. What makes it special?**

Effectively, ECR offers the power of strong diverse minds and the value of experience. Participating in ECR projects enables spreading of best practices by accessing the expertise from across the industry. It builds trust and partnerships that get translated into real bottom line results.

**Can retailers and manufacturers ever really see eye to eye?**

There are many more areas where retailers and manufacturers are aligned than there are differences. We all want to serve our consumers/shoppers as best we can. We all want to do that with unique value creating strategies and we all see the

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power of true innovation as key enabler. We also need to tackle some of the key industry issues together such as obesity, environmental impact, new technology like RFID, etc. if true progress is to be achieved. Yes, all this needs to be based on trust as a foundation for prosperity. This adds up to a lot of opportunities for positive collaboration. I am an optimist here.

**In terms of specific areas of initiative such as, say out-of-stocks or RFID, which most excite you, and why?**

Not so much the projects themselves. They come and go. What excites me is to resulting consumer satisfaction and financial reward for all coming out of these projects.

**What general trend - e.g. health and wellbeing, convenience, discounting, social responsibility, the Internet, etc - do you think will be the biggest impact on the European consumer goods companies over the next three to five years?**

With aging populations and growing numbers of generation X and Yers looking for more work-life balance, health and well-being will obviously increase in importance. People are also more informed and better connected. The internet has been a major enabler allowing access to a wealth of

information they never had before.

As one example, P&G's corporate website is a great illustration of how you can embrace this trend. What you see there are "Everyday Solutions" offering tips on how you can improve health and wellbeing. There are many good examples of how to develop a different relationship with consumers.

**Slow top line growth; declining share of purse; the rise of hard discounters - are the principles of ECR enough to rise to the challenges facing consumer goods retailers and manufacturers? What else is needed?**

The principles of ECR are sound. However, ECR adoption alone does not yield enough competitive advantage. It does not replace a sound strategy, true innovation and passion in all we do.

The challenge for ECR is to break out of the project mode and sometimes too heavy a focus on process and really commit to integrating ECR principles into our daily business practices. Winning with shoppers requires action. True innovation across all areas of the value chain: better packaging; better promotional management; better shelf presence and communication of product benefits that count. More discontinuity is needed. Less transaction cost and process will help.

**Paul Polman** was President of Procter & Gamble Europe and a long-serving member of the ECR Europe Board. He is now Chief Financial Officer of Nestlé.

**The challenge is to go beyond projects and sometimes too heavy a focus on process, to really integrate ECR principles into daily business practice.**

**Over the last 5 years, P&G has changed a lot. For example, it has become much more open and outward looking. Has P&G changed enough? Have its peers in brand manufacturing and in retailing changed enough? In what specific areas are change most needed?**

Today, change is a constant at P&G and for all of us working in this dynamic industry. Someone must have thought about this when they called it “fast moving”. I am delighted with how P&Gers all over the world respond to these challenges.

The challenge is to keep our shopper focus sharp, our execution sharp, to make sure that we can meet the increasingly diverse needs of shoppers, especially in the in-store environment.

**What advice would you give the up-and-coming generation of leaders in the industry? What should they particular pay attention to?**

My advice would be to never take your eye off your consumer. To continue to learn and develop, and to focus our attention on excellence in execution. A good idea is not enough, nor do consumers buy your brand because they like the strategy. Results depend on the quality of execution. That is where the rubber hits the road. In our industry it's 10% strategy, 90% execution.

**In business generally today, which company do you admire the most and why?**

Companies that can consistently grow, lead change, are innovators in their field and develop strong talents. Besides P&G, Nestle, GE, Tesco, J&J are some that come to mind. Fortunately, there are many others.

1 Research done with shoppers on Store attributes in The Case for ECR.

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